

## Message Text

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ACTION EA-14

INFO OCT-01 EUR-25 ISO-00 FPC-01 SP-03 AID-20 EB-11 NSC-07

RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01 CEA-02

CIAE-00 COME-00 FRB-02 INR-10 NSAE-00 XMB-07 OPIC-12

LAB-06 SIL-01 DODE-00 NSCE-00 SSO-00 USIE-00 INRE-00

AEC-11 FEA-02 H-03 INT-08 L-03 PM-07 SAM-01 SCI-06

DRC-01 /196 W

----- 069848

O R 150405Z APR 74

FM AMEMBASSY TOKYO

TO SECSTATE WASHDC IMMEDIATE 1255

INFO AMEMBASSY MOSCOW

C O N F I D E N T I A L TOKYO 4885

E.O. 11652: GDS

TAGS: ENERG, EFIN, JA, UR

SUBJ: SIBERIAN DEVELOPMENT: YAKUTSK GAS

REF: A) STATE 075019 B) TOKYO 4853

1. EMBASSY DISCUSSED QUESTIONS REF A WITH NAKAGAWA, MANAGER OF COORDINATION DEPARTMENT OF JAPAN EXIM, WHO HAD FOLLOWING COMMENT: AT THIS STAGE, JAPAN EXIMBANK IS CONDUCTING NEGOTIATIONS WITH THE SOVIETS ON ASSUMPTION THAT US EXIMBANK OR US COMMERCIAL BANKS WILL PARTICIPATE IN YAKUTSK GAS EXPLORATION PROJECT. ALTHOUGH SOVIETS HAVE SHOWN DESIRE TO START (JAPANESE PORTION) OF PROJECT BEFORE CONFIRMING US PARTICIPATION, JAPAN EXIM HAS NOT YET CHANGED ITS ATTITUDE THAT US PARTICIPATION IS REQUIRED. PRESENT NEGOTIATIONS WITH SOVIETS ARE VERY TOUGH, AND OUTCOME CANNOT BE PREDICTED; HOWEVER, IT IS POSSIBLE THAT JAPAN AND SOVIETS COULD CONCLUDE CREDIT AGREEMENT WHICH WOULD MAKE EXTENNSION OF US FINANCING A  
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PRECONDITION FOR DISBURSEMENT OF FUNDS. SOVIETS HAVE

NOT RPT NOT ASKED JAPAN TO PROVIDE 100 PERCENT OF FINANCING FOR YAKUTSK EXPLORATION PROJECT.

2. NAKAGAWA CONFIRMED THAT SOVIETS WERE SEEKING UNCONDITIONAL APPROVAL FOR JAPANESE PORTION OF PROJECT. ACTUALLY, HE SAID, SOVIETS WERE NOT AT THIS POINT IN NEGOTIATIONS PHRASING REQUEST THAT WAY. SPECIFICALLY, THEY WERE SEEKING JAPAN EXIM APPROVAL FOR SOME ARRANGEMENT WHEREBY USSR COULD PLACE ORDERS IN JAPAN FOR NECESSARY MACHINERY AND EQUIPMENT WITH SHIPMENT (AND DISBURSEMENT OF EXIMBANK FUNDS) TO WAIT UNTIL US ROLE CLARIFIED. NAKAGAWA SAID THIS WOULD AMOUNT TO AN UNCONDITIONAL COMMITMENT, AND ADDED IT NOW APPEARED VERY UNLIKELY THAT JAPAN WOULD ACCEPT UNCONDITIONAL ARRANGEMENT.

3. NAKAGAWA, WHO WAS MORE FORTHCOMING THAN EXIM EXECUTIVE DIRECTOR SHIMBA (SEE REFTTEL), THEN EXPRESSED VIEW THAT IN URGING BILATERAL USSR-JAPAN CREDIT AGREEMENT SOVIET INTENTION WAS TO SPEED UP US EXIMBANK CONSIDERATION OF CREDITS FOR GAS EXPLORATION PROJECT. SINCE JAPANESE ALSO CONCERNED BY SLOW PACE OF US EXIMBANK CONSIDERATIONS, JAPAN EXIM THUS CONSIDERING CONDITIONAL BILATERAL CREDIT AGREEMENT IN HOPES OF FURTHERING US EFFORTS. NAKAGAWA EMPHASIZED THAT AT PRESENT THERE WAS NO SERIOUS CONSIDERATION BEING GIVEN BY JAPANESE SIDE TO BEGINNING EXPLORATION WITHOUT US PARTICIPATION. WHETHER THIS REMAINED JAPANESE POSITION, HOWEVER, DEPENDED IN LARGE PART ON RESULTS OF UPCOMING VISIT TO US BY TOKYO GAS CHAIRMAN ANZAI (SEE TOKYO4567 AND 4692).

4. RE QUESTION OF PRIVATE LEVEL JAPANESE CONTACTS WITH PROSPECTIVE US CONSORTIUM, MITSUI OFFICIAL WHO IS IN REGULAR CONTACT WITH EL PASO, ADVISES THAT HE HAS NOT RAISED QUESTION OF BILATERAL USSR-JAPAN CREDIT AGREEMENT WITH EL PASO OFFICIALS. TOKYO GAS VP MURANKAI CONFIRMED THIS, AND ADDED THAT HE SAW NO REASON WHY EL PASO WOULD BE CONCERNED BY JAPAN'S MOVING AHEAD OF US EXIMBANK ON CREDIT ARRANGEMENTS. HE SAID THAT PRIVATE LEVEL JAPAN-SOVIET NEGOTIATIONS WERE STILL PROCEEDING ON BASIS OF CONFIDENTIAL

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AGREEMENTS WORKED OUT BETWEEN EL PASO AND JAPANESE SIDE.

5. IN SUMMARY, IT IS NOW APPARENT THAT JAPAN WILL NOT MOVE FORWARD IN CURRENT NEGOTIATIONS WITH AN UNCONDITIONAL CREDIT AGREEMENT WITH SOVIETS. ISSUE BEING RAISED IS WHETHER USG WOULD (1) NOT OBJECT TO JAPAN'S CONCLUDING CONDITIONAL CREDIT AGREEMENT WITH SOVIETS OR (2) WOULD PREFER

US TO DO NOTHING AT THIS POINT WITH SORGOWS ON  
YAKUTSK EXPLORATION CREDITS AND WAIT FOR CLARIFICATION OF  
USG ATTITUDE TOWARD EXTENTION OF CREDITS FOR PROJECT.  
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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPLORATION, NATURAL GAS, CREDIT AGREEMENTS, DEVELOPMENT PROGRAMS, NEGOTIATIONS, BANK LOANS  
**Control Number:** n/a  
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**Draft Date:** 15 APR 1974  
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**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** WorrelSW  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
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